

**HIAWATHA FIRST NATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**HIAWATHA FIRST NATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

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# Hiawatha First Nation

Administration Office

## HIAWATHA FIRST NATION

For The Year Ended March 31, 2016

### MANAGEMENT REPORT

The accompanying financial statements of the Hiawatha First Nation are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditors' report.

The financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow Kawarthas LLP has full and free access to Council.

Chief

Guy Louie

Date

June 22/16

## **INDEPENDENT AUDITORS' REPORT**

### **To Council and the Members of Hiawatha First Nation**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Hiawatha First Nation, which comprise the statement of financial position as at March 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Hiawatha First Nation as at March 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### ***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 22, 2016

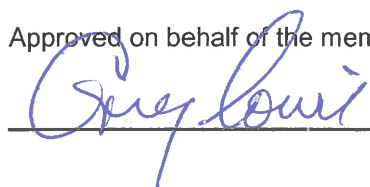
# HIAWATHA FIRST NATION


## STATEMENT OF FINANCIAL POSITION

At March 31, 2016

|                                                                 | 2016<br>\$        | 2015<br>\$        |
|-----------------------------------------------------------------|-------------------|-------------------|
| <b>FINANCIAL ASSETS</b>                                         |                   |                   |
| Cash (note 2)                                                   | 2,774,372         | 2,713,319         |
| Short term investments (note 3)                                 | 14,054,223        | 13,898,120        |
| Due from Government and other Government organizations (note 4) | 152,654           | 123,971           |
| Other accounts receivable (note 5)                              | 91,589            | 100,988           |
| Inventory for resale (note 6)                                   | 339,910           | 354,462           |
| Receivable from First Nation members (note 7)                   | 1,311,926         | 1,262,617         |
| Funds held in trust by the Federal Government (note 8)          | 233,147           | 227,364           |
| <b>TOTAL FINANCIAL ASSETS</b>                                   | <b>18,957,821</b> | <b>18,680,841</b> |
| <b>LIABILITIES</b>                                              |                   |                   |
| Accounts payable and accrued liabilities (note 9)               | 565,592           | 347,316           |
| Due to Government and other Government organizations (note 10)  | 142,427           | 115,782           |
| Deferred revenue (note 13)                                      | 268,663           | 257,800           |
| <b>TOTAL LIABILITIES</b>                                        | <b>976,682</b>    | <b>720,898</b>    |
| <b>NET FINANCIAL ASSETS</b>                                     | <b>17,981,139</b> | <b>17,959,943</b> |
| <b>NON-FINANCIAL ASSETS</b>                                     |                   |                   |
| Tangible capital assets (schedule 1)                            | 7,785,147         | 8,077,840         |
| Prepaid expenses (note 11)                                      | 32,819            | 35,484            |
| <b>TOTAL NON-FINANCIAL ASSETS</b>                               | <b>7,817,966</b>  | <b>8,113,324</b>  |
| <b>ACCUMULATED SURPLUS (note 14)</b>                            | <b>25,799,105</b> | <b>26,073,267</b> |

Approved on behalf of the members:

  
Chief

  
Councillor

*The accompanying notes are an integral part of these financial statements*

# HIAWATHA FIRST NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2016

|                                                                 | Budget<br>2016<br>\$<br>(Unaudited) | Actual<br>2016<br>\$ | Actual<br>2015<br>\$ |
|-----------------------------------------------------------------|-------------------------------------|----------------------|----------------------|
| <b>REVENUES</b>                                                 |                                     |                      |                      |
| Indigenous and Northern Affairs Canada (INAC) (notes 17 and 18) | 1,848,110                           | 1,821,575            | 1,802,222            |
| Federal Government other (note 18)                              | 699,100                             | 707,195              | 670,981              |
| Province of Ontario (note 18)                                   | 701,633                             | 623,480              | 586,561              |
| Ontario First Nations Limited Partnership                       | -                                   | 546,674              | 541,702              |
| Old Railroad Stop                                               | 9,322,300                           | 9,048,675            | 9,172,154            |
| Other                                                           | 1,203,440                           | 1,144,329            | 1,232,890            |
| <b>TOTAL REVENUES</b>                                           | <b>13,774,583</b>                   | <b>13,891,928</b>    | <b>14,006,510</b>    |
| <b>EXPENSES</b>                                                 |                                     |                      |                      |
| Administration                                                  | 916,690                             | 1,796,811            | 1,514,876            |
| Community operations                                            | 706,882                             | 691,545              | 684,756              |
| Economic development                                            | 203,328                             | 194,587              | 134,900              |
| Education                                                       | 966,418                             | 905,809              | 977,622              |
| Land management                                                 | 113,623                             | 113,258              | 157,007              |
| Social development                                              | 1,661,332                           | 1,594,452            | 1,548,383            |
| Old Railroad Stop                                               | 9,122,256                           | 8,868,403            | 8,986,672            |
| Ontario First Nations Limited Partnership                       | -                                   | 1,225                | 5,075                |
| <b>TOTAL EXPENSES</b>                                           | <b>13,690,529</b>                   | <b>14,166,090</b>    | <b>14,009,291</b>    |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                                 | <b>84,054</b>                       | <b>(274,162)</b>     | <b>(2,781)</b>       |
| <b>ACCUMULATED SURPLUS - beginning of year</b>                  | <b>26,073,267</b>                   | <b>26,073,267</b>    | <b>26,076,048</b>    |
| <b>ACCUMULATED SURPLUS - end of year</b>                        | <b>26,157,321</b>                   | <b>25,799,105</b>    | <b>26,073,267</b>    |

*The accompanying notes are an integral part of these financial statements*

# HIAWATHA FIRST NATION

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2016

|                                                 | Budget<br>2016<br>\$<br>(Unaudited) | Actual<br>2016<br>\$ | Actual<br>2015<br>\$ |
|-------------------------------------------------|-------------------------------------|----------------------|----------------------|
| <b>ANNUAL SURPLUS (DEFICIT)</b>                 | 84,054                              | (274,162)            | (2,781)              |
| <b>AMORTIZATION OF TANGIBLE CAPITAL ASSETS</b>  | 380,587                             | 376,508              | 380,587              |
| <b>ACQUISITION OF TANGIBLE CAPITAL ASSETS</b>   | (74,780)                            | (83,815)             | (270,831)            |
| <b>DECREASE IN PREPAID EXPENSES</b>             | -                                   | 2,665                | 7,000                |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>         | 389,861                             | 21,196               | 113,975              |
| <b>NET FINANCIAL ASSETS - beginning of year</b> | 17,959,943                          | 17,959,943           | 17,845,968           |
| <b>NET FINANCIAL ASSETS - end of year</b>       | 18,349,804                          | 17,981,139           | 17,959,943           |

*The accompanying notes are an integral part of these financial statements*

# HIAWATHA FIRST NATION

## STATEMENT OF CASH FLOWS For the Year Ended March 31, 2016

|                                                                          | 2016<br>\$       | 2015<br>\$       |
|--------------------------------------------------------------------------|------------------|------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b> |                  |                  |
| <b>OPERATING</b>                                                         |                  |                  |
| Annual deficit                                                           | (274,162)        | (2,781)          |
| (Increase) decrease in due from Government of Canada - other             | (28,683)         | 29,837           |
| Decrease in other accounts receivable                                    | 9,399            | 16,756           |
| (Increase) decrease in inventory for resale                              | 14,552           | (5,038)          |
| Decrease in prepaid expenses                                             | 2,665            | 7,000            |
| Increase (decrease) in accounts payable and accrued liabilities          | 218,276          | (257,676)        |
| Increase in due to government and other government organizations         | 26,645           | 43,751           |
| Increase in deferred revenue                                             | 10,863           | 43,333           |
| Non-cash charges to operations:                                          |                  |                  |
| Amortization of tangible capital assets                                  | 376,508          | 380,587          |
| Net increase in cash from operating transactions                         | 356,063          | 255,769          |
| <b>CAPITAL</b>                                                           |                  |                  |
| Acquisition of tangible capital assets                                   | (83,815)         | (270,831)        |
| <b>INVESTING</b>                                                         |                  |                  |
| Purchase of short term investments                                       | 51,758,917       | (13,898,120)     |
| Disposal of short term investments                                       | (51,915,020)     | 14,572,021       |
| Increase in funds held in trust by the Federal Government                | (5,783)          | (7,194)          |
| Net increase (decrease) in cash from investing transactions              | (161,886)        | 666,707          |
| <b>FINANCING</b>                                                         |                  |                  |
| (Increase) decrease in receivable from First Nation members              | (49,309)         | 52,291           |
| <b>INCREASE IN CASH</b>                                                  | <b>61,053</b>    | <b>703,936</b>   |
| <b>CASH - beginning of year</b>                                          | <b>2,713,319</b> | <b>2,009,383</b> |
| <b>CASH - end of year</b>                                                | <b>2,774,372</b> | <b>2,713,319</b> |

Interest received during the year was \$143,351 (2015 - \$251,942). Interest paid during the year was nil (2015 - nil).

*The accompanying notes are an integral part of these financial statements*



# HIAWATHA FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2016

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Hiawatha First Nation.

The reporting entity includes the Hiawatha First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. There are no non-consolidated entities.

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

(b) Cash

Cash consists of cash on hand and balances with banks.

(c) Inventory for resale

Inventory for resale, which consists of goods available for resale, is recorded at the lower of cost and market.

The cost of non-fuel inventory is determined by the first-in, first-out method. The cost of gasoline inventory is determined by the weighted average cost method.

(d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

|                                |             |
|--------------------------------|-------------|
| Land improvements              | 20-30 years |
| Buildings                      | 25-40 years |
| Machinery and equipment        | 10 years    |
| Vehicles                       | 5 years     |
| Office equipment               | 10 years    |
| Computer hardware and software | 5 years     |
| Roads                          | 20-40 years |
| Wells and septic               | 50 years    |

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) Recognition of revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the funder for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue as the recognition criteria are met. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(f) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

(g) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(h) Government funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

(i) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates are:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**2. CASH**

Cash consists of the following:

|                                                 | 2016      | 2015      |
|-------------------------------------------------|-----------|-----------|
|                                                 | \$        | \$        |
| Externally restricted:                          |           |           |
| Ontario First Nation Limited Partnership        | 397,661   | 561,407   |
| Apartment replacement                           | 4,298     | 4,292     |
|                                                 | 401,959   | 565,699   |
| Unrestricted:                                   |           |           |
| Cash in ATM                                     | 4,600     | 6,100     |
| Current                                         | 1,118,176 | 773,185   |
| Lottery                                         | 7,372     | 8,520     |
| Serpent Mounds Park                             | 711       | 709       |
| Claims settlement                               | 784       | 787       |
| Operations                                      | 26,286    | 146,951   |
| Trust - Islands in the Trent Minors' Settlement | 1,214,484 | 1,211,368 |
|                                                 | 2,372,413 | 2,147,620 |
|                                                 | 2,774,372 | 2,713,319 |

**3. SHORT TERM INVESTMENTS**

Investments are comprised of the following:

|                                          | 2016       | 2015       |
|------------------------------------------|------------|------------|
|                                          | \$         | \$         |
| General                                  | 1,900,035  | 1,857,568  |
| Ontario First Nation Limited Partnership | 230,049    | 244,215    |
| Islands in the Trent settlement          | 11,924,139 | 11,796,337 |
|                                          | 14,054,223 | 13,898,120 |

Short term investments consist of cashable GIC's maturing between May 11, 2016 and June 20, 2016 with interest rates ranging from 1.05 to 1.08%.

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Due from Government and other Government organizations consists of the following:

|                                         | 2016    | 2015    |
|-----------------------------------------|---------|---------|
|                                         | \$      | \$      |
| Federal Government                      |         |         |
| Canada Mortgage and Housing Corporation | 81,049  | 26,696  |
| Health Canada                           | 17,767  | 2,336   |
| INAC - Income Assistance                | 2,431   | 4,863   |
| INAC - Assisted Living                  | -       | 3,569   |
| INAC - Band Support                     | 14,155  | 23,699  |
|                                         | 115,402 | 61,163  |
| Provincial Government                   | 37,252  | 62,808  |
|                                         | 152,654 | 123,971 |

**5. OTHER RECEIVABLES**

Other receivables consist of the following:

|                                            | 2016   | 2015    |
|--------------------------------------------|--------|---------|
|                                            | \$     | \$      |
| Accrued interest                           | 17,438 | 26,297  |
| Old Railroad Stop                          | 15,859 | 9,137   |
| Kagita Mikam                               | 13,854 | 1,518   |
| Association of Iroquois and Allied Indians | 12,556 | 26,632  |
| Hiawatha Trust recreation subsidy          | 7,500  | -       |
| Aboriginal Labour Force Development Circle | 7,180  | 19,285  |
| Otonabee South Monaghan Township           | 3,539  | -       |
| Other receivables                          | 13,663 | 18,119  |
|                                            | 91,589 | 100,988 |

**6. INVENTORY FOR RESALE**

Inventory consists of the following:

|                           | 2016    | 2015    |
|---------------------------|---------|---------|
|                           | \$      | \$      |
| General store merchandise | 254,383 | 294,353 |
| Gasoline                  | 85,527  | 60,109  |
|                           | 339,910 | 354,462 |

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**7. RECEIVABLE FROM FIRST NATION MEMBERS**

Receivable from First Nation members is comprised of the following:

|                                            | 2016      | 2015      |
|--------------------------------------------|-----------|-----------|
|                                            | \$        | \$        |
| Mortgages receivable                       | 2,300,636 | 2,207,327 |
| Forgivable portion of mortgages receivable | (988,710) | (944,710) |
|                                            | 1,311,926 | 1,262,617 |

**8. FUNDS HELD IN TRUST BY THE FEDERAL GOVERNMENT**

The funds held by the Federal Government on behalf of the First Nation of \$233,147 (2015 - \$227,364) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

|         | Opening<br>Balance<br>\$ | Additions<br>\$ | Withdrawals<br>\$ | Closing<br>Balance<br>\$ |
|---------|--------------------------|-----------------|-------------------|--------------------------|
| Capital | 12,870                   | -               | -                 | 12,870                   |
| Revenue | 214,494                  | 5,783           | -                 | 220,277                  |
|         | 227,364                  | 5,783           | -                 | 233,147                  |

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

|                     | 2016    | 2015    |
|---------------------|---------|---------|
|                     | \$      | \$      |
| Accrued liabilities | 295,485 | 152,052 |
| Due to school board | 134,366 | 109,588 |
| Trade payables      | 135,741 | 85,676  |
|                     | 565,592 | 347,316 |

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Due to Government and other Government organizations consists of the following:

|                                        | 2016<br>\$ | 2015<br>\$ |
|----------------------------------------|------------|------------|
| Federal Government                     |            |            |
| Indigenous and Northern Affairs Canada | 63,132     | 27,126     |
| Health Canada                          | 24,358     | 71,450     |
|                                        | 87,490     | 98,576     |
| Province of Ontario                    | 54,937     | 17,206     |
|                                        | 142,427    | 115,782    |

**11. PREPAID EXPENSES**

Prepaid expenses consists of the following:

|                                | 2016<br>\$ | 2015<br>\$ |
|--------------------------------|------------|------------|
| Insurance                      | 14,185     | 14,374     |
| Student tuition and allowances | 18,634     | 20,408     |
| Supplies                       | -          | 702        |
|                                | 32,819     | 35,484     |

**12. BUDGET FIGURES**

The budget, approved by the First Nation, for 2016 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**13. DEFERRED REVENUE**

Deferred revenue consists of the following:

|                                                   | Balance<br>March 31,<br>2015<br>\$ | Funding<br>Received<br>2016<br>\$ | Revenue<br>Recognized<br>2016<br>\$ | Balance<br>March 31,<br>2016<br>\$ |
|---------------------------------------------------|------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|
| Restricted Contributions                          |                                    |                                   |                                     |                                    |
| Association of Iroquois and Allied Indians (AIAI) | 103,670                            | 259,594                           | 274,049                             | 89,215                             |
| Health Centre                                     | 12,496                             | 28,781                            | 23,222                              | 18,055                             |
| Brighter Futures - first response                 | 4,367                              | 75                                | -                                   | 4,442                              |
| Aboriginal Labour Force                           | 37,675                             | 231,214                           | 231,214                             | 37,675                             |
| RV Park Improvement Fund                          | 9,864                              | -                                 | -                                   | 9,864                              |
| Health Canada                                     | -                                  | 637,708                           | 621,708                             | 16,000                             |
|                                                   | 168,072                            | 1,157,372                         | 1,150,193                           | 175,251                            |
| Other                                             |                                    |                                   |                                     |                                    |
| Day care                                          | 30,467                             | 67,888                            | 72,160                              | 26,195                             |
| Park fees                                         | 36,221                             | 120,915                           | 116,865                             | 40,271                             |
| Rent deposits                                     | 9,307                              | 2,400                             | -                                   | 11,707                             |
| Service fee and other deposits                    | -                                  | 6,280                             | -                                   | 6,280                              |
|                                                   | 75,995                             | 197,483                           | 189,025                             | 84,453                             |
| Hiawatha First Nation Trust                       |                                    |                                   |                                     |                                    |
| Cultural teacher                                  | 6,715                              | -                                 | 6,715                               | -                                  |
| Education                                         | 7,018                              | 9,000                             | 11,575                              | 4,443                              |
| Recreation                                        | -                                  | 15,000                            | 11,394                              | 3,606                              |
| Serpent Mounds                                    | -                                  | 3,000                             | 2,090                               | 910                                |
|                                                   | 13,733                             | 27,000                            | 31,774                              | 8,959                              |
|                                                   | 257,800                            | 1,381,855                         | 1,370,992                           | 268,663                            |

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**14. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

|                                                             | 2016<br>\$ | 2015<br>\$ |
|-------------------------------------------------------------|------------|------------|
| <b>Surplus</b>                                              |            |            |
| Operating - General                                         | 2,231,841  | 1,781,741  |
| Operating - Islands In the Trent Settlement - see (a) below | 11,560,533 | 11,666,199 |
|                                                             | 13,792,374 | 13,447,940 |
| <b>Invested In Capital Assets</b>                           |            |            |
| Tangible capital assets - net book value                    | 7,785,147  | 8,077,840  |
| <b>Surplus</b>                                              | 21,577,521 | 21,525,780 |
| <b>Restricted</b>                                           |            |            |
| Apartment replacement                                       | 4,299      | 4,292      |
| Ontario First Nation Limited Partnership                    | 557,726    | 802,574    |
| Education                                                   | 264,837    | 264,837    |
| Lands management                                            | 82,700     | 82,700     |
| Economic development                                        | 42,463     | 42,463     |
| Daycare                                                     | 118,015    | 118,015    |
| Special projects                                            | 47,637     | 47,637     |
| Capital housing program                                     | 1,969,116  | 1,969,078  |
| Islands in the Trent minors' settlement - see (b) below     | 901,644    | 988,527    |
| <b>Total Restricted</b>                                     | 3,988,437  | 4,320,123  |
| <b>Held in Trust by the Federal Government</b>              |            |            |
| Capital                                                     | 12,870     | 12,870     |
| Revenue                                                     | 220,277    | 214,494    |
| <b>Total Held in Trust by the Federal Government</b>        | 233,147    | 227,364    |
|                                                             | 25,799,105 | 26,073,267 |



**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**14. ACCUMULATED SURPLUS, continued**

**(a) Islands in the Trent settlement - Surplus**

|                                     | 2016       | 2015       |
|-------------------------------------|------------|------------|
|                                     | \$         | \$         |
| Opening balance                     | 11,666,199 | 12,551,544 |
| Interest earned                     | 126,771    | 124,946    |
| Legal costs (note 18)               | (22,437)   | -          |
| Health Centre building contribution | -          | (940,291)  |
| Distributions                       | (210,000)  | (70,000)   |
|                                     | 11,560,533 | 11,666,199 |

**(b) Islands in the Trent minors' settlement**

|                 | 2016     | 2015      |
|-----------------|----------|-----------|
|                 | \$       | \$        |
| Opening balance | 988,527  | 1,105,485 |
| Interest earned | 3,117    | 3,042     |
| Distributions   | (90,000) | (120,000) |
|                 | 901,644  | 988,527   |

Total settlement claim was in the amount of \$19,934,329 in 2013. Of this amount \$1,200,000 was restricted by Hiawatha First Nation for distributions to members under the age of 18 at the settlement date.

**15. PENSION AGREEMENTS**

Some of the employees of the First Nation are eligible to be members of a contributory pension plan managed by Sun Life Financial. Employer contributions to the plan by the First Nation during the year amounted to \$23,398 (2015 - \$20,626). These contributions for current service are expensed during the year in which services are rendered and represent the total pension obligation of the First Nation.

The amount of benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

**16. ECONOMIC DEPENDENCE**

The First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC). The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**HIAWATHA FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**17. RECONCILIATION OF INAC FUNDING TO FIRST NATION INAC REVENUE**

|                                           | 2016<br>\$ | 2015<br>\$ |
|-------------------------------------------|------------|------------|
| <b>INAC Funding Per Confirmation</b>      | 1,857,613  | 1,818,117  |
| add: Debt management overpaid arrangement | -          | 6,218      |
|                                           | 1,857,613  | 1,824,335  |
| <b>Less Amounts Repayable:</b>            |            |            |
| Special Education                         | 16,102     | 22,113     |
| Capital Development                       | 19,904     | -          |
| National Child Benefit                    | 32         | -          |
|                                           | 36,038     | 22,113     |
| <b>INAC Revenue For The Year</b>          | 1,821,575  | 1,802,222  |

**18. GOVERNMENT TRANSFERS**

Government transfers consist of the following:

|                                                     | 2016<br>\$ | 2015<br>\$ |
|-----------------------------------------------------|------------|------------|
| <b>Indigenous and Northern Affairs Canada</b>       |            |            |
| Operating                                           | 1,752,589  | 1,680,222  |
| Capital                                             | 68,986     | 122,000    |
|                                                     | 1,821,575  | 1,802,222  |
| <b>Federal Government other</b>                     |            |            |
| Health Canada - operating                           | 621,708    | 574,627    |
| Canada Mortgage and Housing Corporation - operating | 80,162     | 91,072     |
| Heritage grant - operating                          | -          | 18         |
| Human Resource Development Canada - operating       | 5,325      | 5,264      |
|                                                     | 707,195    | 670,981    |
| <b>Province of Ontario - operating</b>              | 623,480    | 586,561    |
|                                                     | 3,152,250  | 3,059,764  |

**19. CONTINGENT LIABILITIES**

The First Nation, in the course of its operations, has been named in a lawsuit the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

## **20. SEGMENTED INFORMATION**

Hiawatha First Nation is a territorial government institution that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

### **Administration**

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

### **Community Operations**

Community Operations include police, fire, public works, community housing and operation of waste management and water systems.

### **Economic Development**

Economic development includes the various employment oriented programs of the First Nation.

### **Education**

Education includes elementary and secondary schools and post secondary education.

### **Land Management**

Land management includes the First Nation lands management function, the operations of the Serpent Mounds Park and flooding claims.

### **Social Development**

Social development consists of Social Assistance to members and inhabitants of the First Nation, health promotion programs and child care services.

### **Old Railroad Stop**

Old Railroad Stop includes operations of the gas bar and store.

### **Ontario First Nations Limited Partnership**

Ontario First Nations Limited Partnership consists of funds received from the Ontario First Nation Limited Partnership and related revenues and expenses.

# **HIAWATHA FIRST NATION**

## **SCHEDULE 1: SCHEDULE OF TANGIBLE CAPITAL ASSETS** **For the Year Ended March 31, 2016**

|                               | Cost               |              |              |              | Accumulated Amortization |                    |                 | Net Book Value     |             |             |
|-------------------------------|--------------------|--------------|--------------|--------------|--------------------------|--------------------|-----------------|--------------------|-------------|-------------|
|                               | Opening Balance \$ | Additions \$ | Disposals \$ | Transfers \$ | Closing Balance \$       | Opening Balance \$ | Amortization \$ | Closing Balance \$ | NBV 2016 \$ | NBV 2015 \$ |
| Tangible Capital Assets       |                    |              |              |              |                          |                    |                 |                    |             |             |
| Land                          | 201,747            | 54,780       | -            | -            | 256,527                  | -                  | -               | -                  | 256,527     | 201,747     |
| Land Improvements             | 929,821            | -            | -            | -            | 929,821                  | 293,752            | 40,762          | 334,514            | 595,307     | 636,069     |
| Residential Buildings         | 1,486,167          | -            | -            | -            | 1,486,167                | 424,014            | 178,328         | 602,342            | 883,825     | 1,062,153   |
| Non-Residential Buildings     | 4,877,753          | 16,000       | -            | -            | 4,893,753                | 860,836            | 51,478          | 912,314            | 3,981,439   | 4,016,917   |
| Vehicles                      | 154,964            | -            | -            | -            | 154,964                  | 120,712            | 4,950           | 125,662            | 29,302      | 34,252      |
| Computer Equipment            | 174,637            | 13,035       | -            | 10,000       | 197,672                  | 165,862            | 7,494           | 173,356            | 24,316      | 8,775       |
| Other Equipment               | 693,729            | -            | -            | -            | 693,729                  | 453,517            | 42,501          | 496,018            | 197,711     | 240,212     |
| Roads and Bridges             | 1,487,907          | -            | -            | -            | 1,487,907                | 385,461            | 39,487          | 424,948            | 1,062,959   | 1,102,446   |
| Waterworks and Septic Systems | 575,406            | -            | -            | -            | 575,406                  | 69,209             | 11,508          | 80,717             | 494,689     | 506,197     |
|                               | 10,582,131         | 83,815       | -            | 10,000       | 10,675,946               | 2,392,776          | 376,508         | 3,149,871          | 7,526,075   | 7,808,768   |
| Assets Under Construction     |                    |              |              |              |                          |                    |                 |                    |             |             |
| Computer Equipment            | 10,000             | -            | -            | (10,000)     | -                        | -                  | -               | -                  | -           | 10,000      |
| Waterworks and Septic Systems | 259,072            | -            | -            | -            | 259,072                  | -                  | -               | -                  | 259,072     | 259,072     |
|                               | 269,072            | -            | -            | (10,000)     | 259,072                  | -                  | -               | -                  | 259,072     | 269,072     |
| TOTAL                         | 10,851,203         | 83,815       | -            | -            | 10,935,018               | 2,773,363          | 376,508         | 3,149,871          | 7,785,147   | 8,077,840   |

# **HIAWATHA FIRST NATION**

## **SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2016**

|                              | Administration       |                      | Community Operations |                      | Economic Development |                      |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                              | Actual<br>2016<br>\$ | Actual<br>2015<br>\$ | Budget<br>2016<br>\$ | Actual<br>2016<br>\$ | Actual<br>2015<br>\$ | Budget<br>2016<br>\$ |
| <b>Revenues</b>              |                      |                      | (Unaudited)          | (Unaudited)          |                      | (Unaudited)          |
| INAC                         | 349,075              | 326,518              | 368,979              | 303,451              | 68,275               | 68,175               |
| Federal Government other     | -                    | -                    | -                    | 80,162               | 5,325                | 5,966                |
| Province of Ontario          | 173,404              | 165,323              | 180,190              | 12,004               | 65,512               | 102,747              |
| Other                        | 262,120              | 342,869              | 314,112              | 196,493              | 67,175               | 68,311               |
|                              | 784,599              | 834,710              | 863,281              | 592,110              | 206,287              | 245,199              |
| <b>Expenses</b>              |                      |                      |                      |                      |                      |                      |
| Salaries and benefits        | 438,892              | 535,217              | 506,118              | 127,732              | 103,399              | 164,400              |
| Materials                    | 131,616              | 129,583              | 151,800              | 85,529               | 86,486               | 88,400               |
| Occupancy costs              | 34,853               | 28,911               | 28,700               | 115,876              | 127,672              | 154,100              |
| Contracted services          | 81,032               | 35,982               | 45,000               | 34,355               | 49,372               | 53,460               |
| Bank charges and interest    | 59,950               | 58,150               | 60,000               | 1,273                | 7,972                | 1,273                |
| Program costs                | 1,030,800            | 705,961              | 104,000              | 129,815              | 111,630              | 47,024               |
| Amortization                 | 19,668               | 21,072               | 21,072               | 196,965              | 198,225              | 198,225              |
|                              | 1,796,811            | 1,514,876            | 916,690              | 691,545              | 684,756              | 706,882              |
|                              |                      |                      |                      |                      | 194,587              | 203,328              |
| <b>Net surplus (deficit)</b> | (1,012,212)          | (680,166)            | (53,409)             | (99,435)             | (93,039)             | (130,844)            |
|                              |                      |                      |                      |                      | 11,700               | 8,237                |
|                              |                      |                      |                      |                      |                      | 41,871               |

# **HIAWATHA FIRST NATION**

## **SCHEDULE OF SEGMENT DISCLOSURE, continued** **For the Year Ended March 31, 2016**

|                              | Actual<br>2016<br>\$ | Education<br>Actual<br>2015<br>\$ | Budget<br>2016<br>\$ | Actual<br>2016<br>\$ | Land Management<br>Actual<br>2015<br>\$ | Budget<br>2016<br>\$ | Actual<br>2016<br>\$ | Social Development<br>Actual<br>2015<br>\$ | Budget<br>2016<br>\$ |
|------------------------------|----------------------|-----------------------------------|----------------------|----------------------|-----------------------------------------|----------------------|----------------------|--------------------------------------------|----------------------|
|                              |                      |                                   | (Unaudited)          |                      |                                         | (Unaudited)          |                      |                                            | (Unaudited)          |
| <b>Revenues</b>              |                      |                                   |                      |                      |                                         |                      |                      |                                            |                      |
| INAC                         | 960,780              | 967,999                           | 969,204              | 53,230               | 50,258                                  | 53,230               | 86,764               | 91,903                                     | 85,071               |
| Other Federal contributions  | -                    | -                                 | -                    | -                    | -                                       | -                    | 621,708              | 574,645                                    | 657,941              |
| Province of Ontario          | -                    | -                                 | -                    | -                    | -                                       | -                    | 372,560              | 407,251                                    | 401,452              |
| Other                        | 11,575               | 12,305                            | 16,018               | 8,185                | 59,890                                  | 5,495                | 594,179              | 549,794                                    | 579,354              |
|                              | 972,355              | 980,304                           | 985,222              | 61,415               | 110,148                                 | 58,725               | 1,675,211            | 1,623,593                                  | 1,723,818            |
| <b>Expenses</b>              |                      |                                   |                      |                      |                                         |                      |                      |                                            |                      |
| Salaries and benefits        | 28,949               | 28,825                            | 28,900               | 55,930               | 94,335                                  | 55,580               | 777,349              | 744,577                                    | 798,227              |
| Materials                    | -                    | -                                 | -                    | 16,706               | 21,784                                  | 16,895               | 37,978               | 49,527                                     | 37,485               |
| Occupancy costs              | -                    | -                                 | -                    | 2,874                | 1,697                                   | 4,050                | 41,980               | 44,371                                     | 52,196               |
| Contracted services          | -                    | -                                 | -                    | 2,400                | 2,386                                   | 2,400                | 1,500                | 600                                        | 1,200                |
| Bank charges and interest    | -                    | -                                 | -                    | -                    | -                                       | -                    | -                    | -                                          | -                    |
| Program costs                | 222,256              | 275,492                           | 247,018              | 2,622                | 2,707                                   | 600                  | 704,877              | 678,477                                    | 741,393              |
| External transfers           | 654,604              | 673,305                           | 690,500              | -                    | -                                       | -                    | -                    | -                                          | -                    |
| Amortization                 | -                    | -                                 | -                    | 32,726               | 34,098                                  | 34,098               | 30,768               | 30,831                                     | 30,831               |
|                              | 905,809              | 977,622                           | 966,418              | 113,258              | 157,007                                 | 113,623              | 1,594,452            | 1,548,383                                  | 1,661,332            |
| <b>Net surplus (deficit)</b> | 66,546               | 2,682                             | 18,804               | (51,843)             | (46,859)                                | (54,898)             | 80,759               | 75,210                                     | 62,486               |

# **HIAWATHA FIRST NATION**

## **SCHEDULE OF SEGMENT DISCLOSURE, continued** **For the Year Ended March 31, 2016**

|                              | Old Railroad Stop    |                      | Ontario First Nations Limited Partnership |                      | Consolidated Totals  |                      |
|------------------------------|----------------------|----------------------|-------------------------------------------|----------------------|----------------------|----------------------|
|                              | Actual<br>2016<br>\$ | Actual<br>2015<br>\$ | Actual<br>2016<br>\$                      | Actual<br>2015<br>\$ | Actual<br>2016<br>\$ | Budget<br>2016<br>\$ |
|                              |                      |                      |                                           |                      |                      | (Unaudited)          |
| <b>Revenues</b>              |                      |                      |                                           |                      |                      |                      |
| INAC                         | -                    | -                    | -                                         | -                    | 1,821,575            | 1,848,110            |
| Other Federal contributions  | -                    | -                    | -                                         | -                    | 707,195              | 699,100              |
| Province of Ontario          | -                    | -                    | -                                         | -                    | 623,480              | 701,633              |
| OFNLP distributions          | -                    | -                    | -                                         | -                    | 546,674              | -                    |
| Other                        | 9,048,675            | 9,172,154            | 4,602                                     | 541,702              | 10,193,004           | 10,525,740           |
|                              | 9,048,675            | 9,172,154            | 551,276                                   | 550,747              | 14,006,510           | 13,774,583           |
| <b>Expenses</b>              |                      |                      |                                           |                      |                      |                      |
| Salaries and benefits        | 413,962              | 424,724              | -                                         | -                    | 1,981,249            | 2,159,225            |
| Materials                    | 8,270,767            | 8,382,184            | -                                         | -                    | 8,542,596            | 8,772,520            |
| Occupancy costs              | 45,950               | 38,050               | -                                         | -                    | 241,533              | 276,446              |
| Contracted services          | -                    | -                    | -                                         | -                    | 119,287              | 102,060              |
| Bank charges and interest    | 41,343               | 45,353               | -                                         | -                    | 102,566              | 106,273              |
| Program costs                | -                    | -                    | 1,225                                     | 5,075                | 2,147,747            | 1,202,918            |
| External transfers           | -                    | -                    | -                                         | -                    | 654,604              | 690,500              |
| Amortization                 | 96,381               | 96,361               | -                                         | -                    | 376,508              | 380,587              |
|                              | 8,868,403            | 8,986,672            | 1,225                                     | 5,075                | 14,166,090           | 13,690,529           |
| <b>Net surplus (deficit)</b> | 180,272              | 185,482              | 550,051                                   | 545,672              | (274,162)            | 84,054               |